

-Strictly Confidential: (For Internal and Restricted Use Only)
Senior School Certificate Examination
March -----2017-18
Marking Scheme---Business Studies 66/1, 66/2, 66/3

General Instructions:

1. The marking scheme carries only suggested value points for the answer. These are only guidelines and do not constitute the complete answer. The students can have their own expression and if the expression is correct, marks be awarded accordingly.
2. Evaluation is to be done as per instructions provided in the marking scheme.
3. If a question has parts, please award marks on the right hand side for each part. Marks awarded for different parts of the question should then be totalled up and encircled in the left hand margin.
4. If a question does not have parts, marks be awarded in the left hand margin.
5. If a candidate has attempted a question twice, marks should be given in the question attempted first and the question attempted later should be ignored with the comment 'Extra Attempt'.
6. In a question, if two features/ characteristics/ points are asked but an examinee writes more than two features/ characteristics/ points, say, five, of which first is correct, second is incorrect, the first two should be assessed and the remaining should be ignored.
7. The examiners should acquaint themselves with the instructions given in the Guidelines for Spot Evaluation before starting the actual evaluation.
8. Every examiner should stay upto sufficiently reasonable time normally 5-6 hours everyday and evaluate 20-25 answer books and should devote minimum 15-20 minutes to evaluate each answer book.
9. Every examiner should acquaint himself/ herself with the marking schemes of all the sets.
10. It is expected that the marking scheme should be followed objectively to ensure quality evaluation. For instance, if an examinee scores 24 marks, then the marks should not be inflated to 27 simply to pass him/ her.
11. Marks should be awarded keeping in view the total marks of a particular question and not the total marks of the question paper. For example, if one mark is given to a 3 marks question even if nothing is correct, then that one mark constitutes 33% of the total marks for this answer.
12. The examiner shall also have to certify in the answer book that they have evaluated the answer book strictly in accordance with the value points given in the marking scheme and correct set of question papers.
13. While evaluating the answer scripts, if the answer is found to be totally incorrect, it should be marked as (x) and awarded zero (0) marks.
14. A full scale of marks 0-80 has to be used. Please do not hesitate to award full marks if the answer deserves it. Similarly, wherever an examinee writes an answer upto the mark, his/ her marks should not be deducted unnecessarily.
15. As per the orders of Hon'ble Supreme Court, the candidates would now be permitted to obtain photocopy of the Answer Book on request on payment of the prescribed fee. All examiners/ Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.

66/1	66/2	66/3	MARKING SCHEME – 2017-18 BUSINESS STUDIES 66/1-2-3 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
1	7	4	Q. Define ‘Decentralisation’. Ans. Decentralisation refers to systematic delegation of authority through all the levels of management and in all the departments except that which can be exercised only at central points. (or any other correct definition)	1 mark
2	6	3	Q. Give the meaning of ‘Method’ as a type of plan. Ans. Method is the prescribed way or manner in which a task has to be performed taking into consideration the objective of the organisation.	1 mark
3	4	2	Q. Saurabh decided to start a chocolates manufacturing business. He set the target of earning 10% profit on sales in the first year. As a good businessman, he was concerned about the future of the business, which was uncertain. He gathered information that the demand for chocolates is increasing day by day. He used this information as the base for future planning and shared it with his team. On the basis of the gathered information, he scheduled a meeting in the following week to find innovative ways to achieve the objectives. List the first two steps, which have been followed by Saurabh that are related to the process of one of the functions of management. Ans. Two steps of Planning which have been followed by Saurabh are: (i) Setting Objectives. (ii) Developing Premises.	½ mark for each step = $\frac{1}{2} \times 2$ = 1 mark
4	3	1	Q. In the paint industry, various raw materials are mixed in different proportions with petroleum for manufacturing different kinds of paints. One specific raw material is not readily and regularly available to the paint manufacturing companies. Bonler Paints Company is also facing this problem and because of this there is a time lag between placing the order and the actual receipt of the material. But, once it receives the raw materials, it takes less time in converting it into finished goods. Identify the factor affecting the working capital requirements	

			<p>of this industry.</p> <p>Ans. Availability of raw materials/ Production Cycle/ Nature of business.</p>	1 mark
5	1	8	<p>Q. An investor wanted to invest ₹20,000 in Treasury Bills for a period of 91 days. When he approached the Reserve Bank of India for this purpose he came to know that it was not possible. Identify the reason why the investor could not invest in the Treasury Bill.</p> <p>Ans. The investor could not invest in the Treasury Bills as they can be issued for a minimum amount of ₹25,000 and its multiples thereof.</p>	1 mark
6	8	7	<p>Q. Why is the understanding of ‘Marketing Management Philosophies’ important?</p> <p>Ans. Understanding of ‘Marketing Management Philosophies’ is important as it determines the emphasis or the weightage to be put on different factors, in achieving the organisational objectives.</p> <p style="text-align: center;">OR</p> <p>Understanding of ‘Marketing Management Philosophies’ is important to guide the marketing efforts of an organisation whether to emphasise on designing the features or selling techniques or on customers needs or the social concerns in achieving the objectives.</p>	1 mark
7	5	6	<p>Q. Give the constitution of the District Consumer Disputes Redressal Forum under the Consumer Protection Act, 1986.</p> <p>Ans. District Consumer Disputes Redressal Forum constitutes of one President and two other members, one of whom should be a woman.</p>	1 mark
8	2	5	<p>Q. ‘Buy one get one free’ is printed on the label of the package of a mosquito repellent. State the labelling function being performed by this statement.</p> <p>Ans. Labelling function performed is – ‘Helps in Promotion of products’ as labelling plays an important role in sales promotional schemes launched by companies.</p>	1 mark
9	11	13	Q. Differentiate between formal and informal organizations	

			<p>on the basis of (i) origin, (ii) authority, and (iii) flow of communication.</p> <p>Ans. DIFFERENCE BETWEEN FORMAL AND INFORMAL ORGANISATION</p> <table> <tr> <th>Basis</th> <th>FORMAL ORGANISATION</th> <th>INFORMAL ORGANISATION</th> </tr> <tr> <td>(i) Origin</td> <td>It is deliberately created through a well defined policy of management.</td> <td>It arises as a result of social interaction among the employees.</td> </tr> <tr> <td>(ii) Authority</td> <td>Authority arises on the basis of position of management.</td> <td>Authority arises on the basis of personal qualities.</td> </tr> <tr> <td>(iii) Flow of communication</td> <td>Communication takes place through the scalar chain.</td> <td>Communication does not take place through a planned route, it can take place in any direction.</td> </tr> </table>	Basis	FORMAL ORGANISATION	INFORMAL ORGANISATION	(i) Origin	It is deliberately created through a well defined policy of management.	It arises as a result of social interaction among the employees.	(ii) Authority	Authority arises on the basis of position of management.	Authority arises on the basis of personal qualities.	(iii) Flow of communication	Communication takes place through the scalar chain.	Communication does not take place through a planned route, it can take place in any direction.	<p>1 x 3 = 3 marks</p>
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10	9	11	<p>Q. State the steps in the selection procedure, after the employment interview and before the job offer.</p> <p>Ans. Steps in the Selection procedure, after the employment interview and before the job offer are:</p> <p>(a) <u>Reference and background checks</u> for the purpose of verifying the information and gaining additional information.</p> <p>(b) <u>Selection decision</u> from among the candidates who pass the tests, interviews and reference checks.</p> <p>(c) <u>Medical Examination</u> which includes a medical fitness test which the candidate is required to undergo.</p> <p>(1/2 mark should be deducted if the sequence is not followed)</p>	<p>1 mark for each statement = 1 x 3 = 3 marks</p>												
11	10	12	<p>Q. Sandhya is a successful manager at Manisons Enterprises. She has a team of twelve people working under her. She encourages them to set their own objectives and take decisions. She respects their opinions and supports them, so that they can perform their duties and accomplish</p>													

			<p>organizational objectives. To manage and exercise effective control she uses forces within the group.</p> <p>As an intelligent manager, at times, she also make use of positive aspects of informal communication. This way, she is able to unify diverse interests and ensure the targets are met.</p> <p>(a) There are many theories and styles of influencing people's behavior. Identify the style used by Sandhya which is based on the use of authority.</p> <p>(b) State two positive aspects of the communication discussed above, which Sandhya is using as an intelligent manager.</p> <p>Ans. (a) Democratic style.</p> <p>(b) Two positive aspects of communication which Sandhya is using as an intelligent manager are:</p> <p>(i) It <u>carries information rapidly</u> and therefore may be useful to the manager at times.</p> <p>(ii) It is used by the manager to transmit information so as to <u>know the reaction of his/ her subordinates.</u></p>	<p>1 mark for identifying the style + 1 x 2 = 2 marks = 1+2 =</p> <p>3 marks</p>
12	13	10	<p>Q. The Return on Investment (ROI) of a company ranges between 10-12% for the past three years. To finance its future fixed capital needs, it has the following options for borrowing debt:</p> <p>Option 'A' :Rate of interest 9%</p> <p>Option 'B' : Rate of interest 13%</p> <p>Which source of debt, 'Option A' or 'Option B', is better? Give reason in support of your answer. Also state the concept being used in taking the decision.</p> <p>Ans. Option 'A' is better.</p> <p>This is because in this option, Return on Investment (10-12%)is higher than the Rate of interest (9%).</p> <p>The concept being used in taking the decision is Trading on Equity.</p> <p>Trading on equity refers to the use of fixed cost sources of finance</p>	<p>1 mark for identifying the option + 1 mark for the reason + ½ mark for identifying the concept</p>

			such as preference shares, debentures and long term loans in the capital structure so as to increase the return on equity shares.	$+ \frac{1}{2} \text{ mark for the statement}$ $= 1 + 1 + \frac{1}{2} + \frac{1}{2}$ $= 3 \text{ marks}$
13	12	9	<p>Q. Explain briefly any two points of importance of consumer protection from the point of view of business</p> <p><u>Ans. Importance of Consumer protection from the point of view of business: (Any two)</u></p> <p>(i) Long-term interests of business.</p> <p>(ii) Business uses society's resources.</p> <p>(iii) Social Responsibility.</p> <p>(iv) Moral Justification.</p> <p>(v) Government Intervention.</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	$\frac{1}{2} \text{ mark for the heading}$ $+$ $1 \text{ mark for its explanation}$ $= 1 \frac{1}{2} \times 2$ $= 3 \text{ marks}$
14	16	18	<p>Q. Aradhana and Gandharv are heads of two different departments in 'Yumco Ltd.' They are efficient managers and are able to motivate the employees of their respective departments to improve performance. However, their drive to excel in their own sphere of activity instead of giving emphasis on objectives of the enterprise has hindered the interaction between the departments that Aradhana and Gandharv are heading. Often there are inter-departmental conflicts and they have become incompatible. This has proved to be harmful in the fulfillment of the organizational objectives. The situation has deteriorated to such an extent that the CEO of 'Yumco Ltd.' has hired a consultant, Rashmi, to resolve the problem. After studying the situation closely, Rashmi found that the problem has arisen due to inflexibility and a narrow perspective on the part of both Aradhana and Gandharv. She is of the view that this situation is a result of the type of organizational structure 'Yumco Ltd.' has adopted.</p> <p>From the above information, identify the organizational structure adopted by 'Yumco Ltd.' and state any three advantages of the structure so identified.</p>	

			<p>Ans. Functional Structure is the organisational structure adopted by ‘Yumco Ltd.’.</p> <p><u>Advantages of Functional Structure: (any three)</u></p> <p>(a) It leads to <u>occupational specialisation</u> since emphasis is placed on specific functions.</p> <p>(b) It promotes <u>control and coordination</u> within a department because of similarity in the tasks being performed.</p> <p>(c) It increases <u>managerial and operational efficiency</u>.</p> <p>(d) It <u>lowers cost</u> as it reduces duplication of effort.</p> <p>(e) It makes <u>training of employees easier</u> as it focuses on a limited range of skills.</p> <p>(f) It ensures that different <u>functions get due attention</u>.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>1 mark for identifying the structure</p> <p>+</p> <p>1 mark for each statement giving advantage</p> <p>=</p> <p>1 x 3</p> <p>=</p> <p>3 marks</p> <p>=</p> <p>1+3</p> <p>=</p> <p>4 marks</p>
15	18	19	<p>Q. In 2015, Naveen left his luxurious life in Mumbai, where he worked as a manager for Bluebirds Ltd. He shifted to Begampur, Chhattisgarh to fulfill his grandmother’s dream of converting their 25 acre ancestral land into a fertile farm. For this he set out specific goals along with the activities to be performed to achieve the goals.</p> <p>Every activity was a challenge since he was clueless about farming. He learnt every activity from filling the land to sowing the seeds. To aid farmers he launched his own company ‘Innovative Agriculture Solutions Pvt. Ltd.’</p> <p>It was difficult initially as no one trusted an urban youth telling farmers about farming. But when everything was discussed in detail the farmers started taking interest. He wanted to ensure that the future events meet effectively the best interests of the company. Through sales forecasting, he prepared an annual plan for production and sales.</p> <p>He also found that the farmers grew only paddy, which was an activity of 3-4 months and the land remained idle for the rest 8-9 months of the year. He not only identified but evaluated various alternatives through which the farms could be utilized</p>	

		<p>for the remaining months of the year. Through correct foresight and logical and systematic thinking based on analysis of all facts, all alternatives were examined and evaluated. He presented a plan to the farmers, where after harvesting paddy, vegetables could be grown.</p> <p>The above case highlights the features of one of the functions of management. By quoting lines from the above identify and explain these features.</p> <p>Ans. <u>Features of planning are:</u></p> <p>(i) <u>Planning focuses on achieving objectives</u></p> <p><i>‘He set out specific goals along with the activities to be performed to achieve the goals’</i></p> <p>Planning focuses on achieving objectives as specific goals re set out in the plans along with activities to be undertaken to achieve the goals.</p> <p>(ii) <u>Planning is futuristic</u></p> <p><i>‘He wanted to ensure that the future events meet effectively the best interests of the company’</i></p> <p style="text-align: center;">OR</p> <p><i>‘Through sales forecasting, he prepared an annual plan for production and sales’</i></p> <p>Planning is <u>futuristic</u> as it involves looking ahead and preparing for the future.</p> <p>(iii) <u>Planning involves decision making</u></p> <p><i>‘He not only identified but evaluated various alternatives through which the farms could be utilised for the remaining months of the year’.</i></p> <p style="text-align: center;">OR</p> <p><i>‘.... all alternatives were examined and evaluated’</i></p> <p>Planning <u>involves decision making</u> as it involves a choice from</p>	<p>½ mark for identifying the feature including quoting the lines</p> <p style="text-align: center;">+</p> <p>½ mark for explanation</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1 x 4</p> <p style="text-align: center;">=</p> <p>4 marks</p>
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			<p>among the various alternative courses of action.</p> <p>(iv) <u>Planning is a mental exercise</u></p> <p><i>‘Through correct foresight and logical and systematic thinking based on analysis of all facts...’.</i></p> <p>Planning is a <u>mental exercise</u> as it is intellectual activity of thinking rather than doing.</p>	
16	17	14	<p>Q. Explain any four points of importance of the controlling function of management.</p> <p>Ans. <u>Importance of controlling (Any four):</u></p> <p>(i) Accomplishing organisational goals.</p> <p>(ii) Making efficient use of resources.</p> <p>(iii) Ensuring order and discipline.</p> <p>(iv) Improving employee motivation.</p> <p>(v) Judging accuracy of standards.</p> <p>(vi) Facilitating co-ordination in action.</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>½ mark for the heading</p> <p>+</p> <p>½ mark for its explanation</p> <p>=</p> <p>1 x 4</p> <p>=</p> <p>4 marks</p>
17	14	15	<p>Q. Ram Murthy, the CEO of ‘Goodcare Hospitals’, a leading chain of hospitals, decided to reward the good work of the doctors of this organization. For this he instituted two running trophies. A ‘Healthcare Achievers Trophy’ to acknowledge and appreciate the tireless efforts of the doctors who rendered selfless services to the patients and another ‘Beti Bachao Trophy’ to recognize the outstanding work done by the doctors in saving the girl child.</p> <p>The CEO also wanted to improve the health services in rural areas all over the country. He decided that all doctors must work in rural areas for at least six months. He also decided that the paramedical staff should be employed locally.</p> <p>(a) Identify the incentive provided by ‘Goodcare Hospitals’ to</p>	

		<p>its doctors through running trophies.</p> <p>(b) Which need of the doctors will be satisfied through the incentive identified in part (a)? State.</p> <p>(c) State any two values that the CEO of ‘Goodcare Hospitals’ is trying to communicate to the society.</p> <p>(a) <u>Employee Recognition</u></p> <p><i>(If an examinee has written ‘Non Financial incentive’ instead of ‘Employee Recognition’, ONLY ½ mark to be awarded)</i></p> <p>(b) <u>Esteem Needs</u></p> <p>These include factors/needs such as self respect, autonomy status, recognition and attention.</p> <p>(c) <u>Values that the CEO of ‘Goodcare Hospitals’ is trying to communicate to the society are: (Any two)</u></p> <p>(i) Concern for health.</p> <p>(ii) Concern for Hygiene.</p> <p>(iii) Creation of employment opportunities.</p> <p>(iv) Good behaviour in human interaction.</p> <p>(v) Fulfilling Social responsibility.</p> <p>(vi) Development of rural areas/ Balanced regional development.</p> <p>(vii) Saving the girl child/ Women Empowerment.</p> <p>(or any other correct value)</p>	<p>1 mark for identifying the incentive</p> <p>+</p> <p>½ mark for identifying the need</p> <p>+</p> <p>½ mark for its explanation</p> <p>=</p> <p>$\frac{1}{2} + \frac{1}{2}$</p> <p>=</p> <p>1 mark</p> <p>1 mark for each value</p> <p>=</p> <p>(1 x 2)</p> <p>=</p> <p>2 marks</p> <p>=</p> <p>1+1+2</p> <p>=</p> <p>4 marks</p>	
18	19	17	<p>Q. State the protective functions of Securities and Exchange Board of India.</p> <p>Ans. <u>Protective functions of SEBI:</u></p> <p>(a) It <u>prohibits fraudulent and unfair trade practices</u> like misleading statements, manipulations, price rigging etc.</p> <p>(b) It <u>controls insider trading</u> and imposes penalties for such practices.</p> <p>(c) It <u>undertakes steps for investor protection</u>.</p> <p>(d) It <u>promotes fair practices</u> and code of conduct in securities market.</p>	<p>1 mark for each statement</p> <p>=</p> <p>1 x 4</p> <p>=</p> <p>4 marks</p>

			(If an examinee has given only the headings, ½ mark for each heading should be awarded)	
19	15	16	<p>Q. Sumit purchased an ISI marked washing machine of a famous brand ‘MG’ from TG Electronics Ltd. The shopkeeper asked him to wait for two days for installation of the machine. His friend, Vivek, was very fond of experimenting with new electronic products. He told Sumit that there is no need to wait for the company’s representative to install the machine and that he could do it. So, both of them installed the machine without following the manufacturer’s instructions. Initially, the machine worked effectively and the wash was good. But after two days, the machine started stopping in between the wash cycle. Sumit and Vivek tried their best to start the machine but failed in their efforts. Sumit, therefore, approached TG Electronics Ltd., which refused to provide any service on the plea that installation of the machine was not done by the company.</p> <p>(a) State the responsibility which Sumit has to fulfil as an aware consumer to get the services of the company.</p> <p>(b) Explain briefly any two rights which Sumit could have exercised had he fulfilled his responsibility identified in part (a).</p> <p>Ans. (a) <u>Responsibility which Sumit has to fulfill as an aware consumer to get the services of the company:</u></p> <p><i>Learn about the risks associated with products and services, follow manufacturer’s instructions and use the products safely.</i></p> <p>(b) <u>Two rights which Sumit could have exercised had he fulfilled his responsibility:</u></p> <p>(i) <u>Right to be heard:</u></p> <ul style="list-style-type: none"> ▪ The consumer has right to file a complaint and to be heard in case of dissatisfaction with a product or a service. ▪ It is because of this reason many firms have set up their own consumer service and grievance cells. <p>(ii) <u>Right to seek redressal:</u></p> <ul style="list-style-type: none"> ▪ The consumer has a <u>right to get relief</u> in case the product or service falls short of his expectations. ▪ The Consumer Protection Act, 1986 provides reliefs to consumers such as <u>replacement</u> of product, <u>removal of defect</u> in the product, <u>compensation</u> for any loss or injury suffered by the consumer. 	<p>1 mark for stating the responsibility</p> <p>+</p> <p>½ mark for identifying the right</p> <p>+</p> <p>1 mark for its explanation</p> <p>=</p> <p>1 ½ marks</p> <p>=</p> <p>(1 ½ x 2)</p> <p>=</p> <p>3 marks</p> <p>=</p> <p>1+3</p> <p>=</p> <p>4 marks</p>

20	22	21	<p>Q. What is meant by co-ordination? State its any four features.</p> <p>Ans. Co-ordination is the process by which a manager synchronises the activities of different departments towards the achievement of a common goal.</p> <p><u>Features of co-ordination: (Any four)</u></p> <p>(i) It <u>integrates group efforts</u> by unifying diverse interests into purposeful work activity</p> <p>(ii) It ensures <u>unity of action</u> by acting as a binding force between departments and ensuring that all action is aimed at achieving the goals of the organisation.</p> <p>(iii) It is a <u>continuous process</u> as it starts at the planning stage and continues till controlling.</p> <p>(iv) It is a <u>pervasive function</u> as it is required in all types of organisations, in all the departments and at all levels.</p> <p>(v) It is the <u>responsibility of all managers</u> at the top, middle and lower level.</p> <p>(vi) It is a <u>deliberate function</u> as every manager has to co-ordinate the efforts of different people in a conscious and deliberate manner.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>1 mark for the meaning</p> <p>+</p> <p>1 mark for each statement</p> <p>=</p> <p>1 x 4</p> <p>=</p> <p>4 marks</p> <p>=</p> <p>1+4</p> <p>=</p> <p>5 marks</p>
21	20	22	<p>Q. ‘Konark Ltd.’ is an electric goods manufacturing enterprises situated in Shivpuri, Madhya Pradesh. It is earning a very low revenue in comparison to a competing electronic goods manufacturing enterprise, ‘Nova Ltd.’ situated in Mumbai. Both Konark’s and Nova’s operations are affected directly by the investors, customers, competitors and suppliers, which are unique to their respective locations. In addition to this, individual forms of this field are affected indirectly by the factors like the money supply in the economy, composition of the families, the technological changes, etc.</p> <p>(a) Identify and state the feature of the concept discussed in the above paragraph.</p> <p>(b) Also, state any four points of importance of this concept.</p>	

			<p>Ans. (a) <u>Specific and General Forces</u> Business Environment includes both specific and general forces. Specific forces affect individual enterprises directly and immediately in their day-to-day working. General forces have impact on all business enterprises and thus may affect an individual firm only indirectly.</p> <p>(b) <u>Importance of business environment: (Any four)</u></p> <p>(i) It helps to <u>identify opportunities and getting the first mover advantage</u> instead of losing them to the competitors.</p> <p>(ii) It helps to <u>identify threats</u> on time which serves as an early warning signal.</p> <p>(iii) It helps in <u>tapping useful resources</u> so that it can convert them into output that the environment desires.</p> <p>(iv) It helps in <u>coping with rapid changes</u> in an increasingly dynamic environment.</p> <p>(v) It helps in <u>assisting in planning and policy formulation</u>.</p> <p>(vi) It helps in <u>improving performance</u> by continuously monitoring the environment and adopting suitable practices.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>½ mark for identifying the feature + ½ mark for stating the feature = 1mark</p> <p>+</p> <p>1 mark for each statement = 1 x 4 = 4 marks = 1+4 = 5 marks</p>
22	21	20	<p>Q. After acquiring the necessary knowledge and skills on starting an Alovera Farm, Ashok wanted to be the leading manufacturer of Alovera products worldwide. He observed that the products were expensive as the demand of the products was more than the supply. He was also keen to promote the methods and practices that were economically viable, environmentally sound and at the same time protecting public health.</p> <p>Ashok's main consideration was about the amount of money paid by the consumers in consideration of the purchase of Alovera products. He also thought that competitors prices and their anticipated reactions must also be considered for this.</p> <p>After gathering and analyzing information and doing correct marketing planning, he came to know that the consumers compare the value of a product to the value of money they are</p>	

			<p>required to pay. The consumers will be ready to buy a product when they perceived that the value of the product is at least equal to the value of money which they would pay.</p> <p>Since he was entering into a new market, he felt that he may not be able to cover all costs. He knew that in the long run the business will not be able to survive unless all costs are covered in addition to a minimum profit.</p> <p>He examined the quality and features of the products of the competitors and the anticipated reactions of the consumers. Considering the same he decided to add some unique features to the packaging and also decided to provide free home delivery of the products.</p> <p>The above case related to a concept which is considered to be an effective competitive marketing weapon. In conditions of perfect competition most of the firms compete with each other on this concept in the marketing of goods and services.</p> <p>(a) Identify the concept.</p> <p>(b) Explain briefly any four factors discussed in the above case related to the concept so identified.</p> <p>Ans. (a) Price/ Pricing</p> <p>(b) <u>Factors discussed in the above case are: (Any four)</u></p> <p>(i) Product Cost</p> <p>(ii) Utility and Demand</p> <p>(iii) Extent of competition</p> <p>(iv) Marketing methods used</p> <p>(v) Pricing objectives</p>	<p>1 mark for identifying the concept</p> <p>+</p> <p>½ mark for identifying the factor</p> <p>+</p> <p>½ mark for its explanation</p> <p>=</p> <p>1 x 4</p> <p>=</p> <p>4 marks</p> <p>=</p> <p>1 + 4</p> <p>=</p> <p>5 marks</p>
23	24	25	<p>Q. Karan Nath took over ‘D’north Motor Company’ from his ailing father three months ago. In the past the company was not performing well. Karan was determined to improve the company’s performance. He observed that the methods of production as well as selection of employees in the company were not scientific.</p> <p>He believed that there was only one best method to maximize efficiency. He also felt that once the method is developed, the workers of the company should be trained to learn that ‘best</p>	

		<p>method’.</p> <p>He asked the Production Manager to develop the best method and carry out the necessary training. The Production Manager developed this method using several parameters right from deciding the sequence of operations, place for men, machines and raw materials till the delivery of the product to the customers. This method was implemented throughout the organization. It helped in increasing the output, improving the quality and reducing the cost and wastage.</p> <p>Identify and explain the principles and the technique of scientific management followed by the Production Manager in the above case.</p> <p>Ans. <u>Principles of management followed in the above case:</u></p> <p><u>(a) Science not rule of thumb</u></p> <ul style="list-style-type: none"> ▪ It states that there was only one best method to maximise efficiency. ▪ This method can be developed through scientific study and analysis of each element of a job and should substitute ‘Rule of Thumb’. ▪ This standard method then should be followed throughout the organisation. <p><u>(b) Development of each and every person to his greatest efficiency and prosperity</u></p> <ul style="list-style-type: none"> ▪ This principle is concerned with efficiency of employees which could be built in right from the process of employee selection. ▪ The work assigned to employees should suit their capabilities. They should be given the required training to increase their efficiency. ▪ Efficient employees would produce more and earn more. This will ensure their greatest efficiency and prosperity for both the company and the workers. <p><u>Technique of scientific management followed in the above case:</u></p> <p><u>(a) Method Study</u></p> <ul style="list-style-type: none"> ▪ It is a study to find out one best way of doing the job. ▪ It helps to minimize the cost of production, improve the quality and maximize satisfaction of the customer. ▪ It includes all activities from procurement of raw materials till the final product is delivered to the customer. 	<p>½ mark for identifying each principle/ technique + 1 ½ marks for its explanation</p> <p>= 2 x 3 = 6 marks</p>
24	25	23	<p>Q. ‘Moga Industries Ltd.’ approached a well-established university in the city of Madurai to recruit qualified personnel</p>

			<p>for various technical and professional jobs. They selected Tanya, Ritu, Garima and Chetan for various vacancies in the organization.</p> <p>After the selection and placement, 'Moga Industries Ltd.' felt the need to increase the skills and abilities, and the development of the positive attitude of the employees to perform their specific jobs better. The company also realized the learning new skills would improve the job performance of the employees. Hence, the company decided to take the actions for the same.</p> <p>(a) Name the step of the staffing process regarding which the company decided to take action.</p> <p>(b) State the benefits of the action to 'Moga Industries Ltd.'</p> <p>Ans. (a) Training and Development.</p> <p><i>(If an examinee has written 'Training' instead of 'Training and Development', ONLY ½ mark to be awarded)</i></p> <p>(b) <u>Benefits of training to 'Moga Industries Ltd.'</u>:</p> <p>(i) It <u>avoids wastage of efforts and money</u> as training is systematic learning, better than hit and trial methods.</p> <p>(ii) It <u>enhances employee productivity</u> both in terms of quantity and quality leading to higher profits.</p> <p>(iii) It <u>equips the future manager</u> to take over in an emergency.</p> <p>(iv) It <u>reduces employees' turnover</u> as it increases employee morale and reduces absenteeism.</p> <p>(v) It helps in <u>obtaining effective response in a fast changing environment</u></p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>1 mark for naming the step</p> <p>+</p> <p>1 mark for each statement</p> <p>=</p> <p>1 x 5</p> <p>=</p> <p>5 marks</p> <p>=</p> <p>1+5</p> <p>=</p> <p>6 marks</p>
25	23	24	<p>Q. Explain briefly any four factors affecting the fixed capital requirements of an organisation.</p> <p>Ans. Factors affecting fixed capital requirements of a company: (Any four)</p> <p>(i) Nature of business.</p>	<p>½ mark for heading</p>

		(ii) Scale of operations. (iii) Choice of technique. (iv) Growth prospects. (v) Technology upgradation. (vi) Diversification. (vii) Financing alternatives. (viii) Level of collaboration. (If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)	+ 1 mark for explanation 1 ½ x 4 = 6 marks
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